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OGC REVIEW COMPLETED

29 July 1955

MEMORANDUM FOR: The Record

SUBJECT : Delinquent Accounts

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1. [ ] of Security, [ ] of Finance, and [ ] met to consider further the question of handling delinquent accounts of terminated employees. There was general agreement that representatives of the offices at the meeting should constitute themselves an informal board to consider specific cases with the view of gaining enough experience and information to establish standard procedures and procure necessary authorities for write-offs.

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2. It is indicated by Finance that they have approximately 300 cases of which [ ] involve covert personnel and the remainder would involve staff personnel.

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3. The Security Office representatives indicated that they could only speak for those cases concerned with covert personnel. Later I spoke to [ ] about this and he saw no reason why [ ] and [ ] even though they were in the covert side, could not represent the Security Office for all types of cases. [ ] was advised of this by telephone.

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4. It was proposed that the group hold weekly meetings until the accumulated backlog was reduced. Finance Division would call the meetings and furnish an agenda listing the names of specific cases. In this manner Security could review their files and be prepared to furnish appropriate advice.

5. It was emphasized that it is the responsibility of the Agency to make reasonable efforts administratively to collect outstanding debts. Thereafter, pursuant to law, the General Accounting Office is the proper Agency of the Government to settle claims by the Government against individuals. Therefore, in the absence of overriding security and policy considerations, the case should be referred there. If GAO is unable to effect settlement, their normal procedure would be to refer to the Department of Justice for appropriate action which means filing of suits against the individuals. It was recognized that in all cases there is some degree of security and that publicity resulting from a suit would

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have some adverse security effects. However, it was recognized that adverse security implications should not be the deciding factor and that there may be further policy considerations of taking a little beating on security in order to show an aggressive, clean-cut program of attempting to collect delinquent accounts.

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Deputy General Counsel

OGC/JSW:mks

Distribution:

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Chrono.